EX PARTE OR LATE FILED

Bell Atlantic

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Joseph J. Mulieri
Director – FCC Relations

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

February 10, 1997

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. Rm. 222
Washington, D.C. 20554

Re: CC Docket Nos. 96-45/96-98, 96-116, and 96-262

Today, on behalf of Bell Atlantic, the attached letter is being submitted to Patrick DeGraba of the Policy and Program Planning Division regarding the above referenced proceedings.

Please enter this material into the record as appropriate. Should you have any questions please do not hesitate to contact me.

Sincerely,

Joseph Mulieri

Attachment

cc: P. DeGraba
R. Keeney
R. Metzger
J. Schlichting

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List ABCDE

Bell Atlantic

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Vice President - External Affairs and
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FEDERAL COMMUNICATIONS COMMISSION
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Ex Parte

Mr. Patrick DeGraba
Policy and Program Planning Division
Federal Communications Commission
1919 M St., NW
Washington, DC 20554

RE: CC Docket Nos. 96-45, 96-98, 96-116, and 96-262

Dear Mr. DeGraba:

On behalf of Bell Atlantic, I hereby respond to the request for information, received January 31, seeking information on the financial impacts of a number of current FCC rulemaking proceedings.

Q1) **How much will it cost to develop and bring on line Bell Atlantic's OSS for unbundled elements and resale?**

The current start-up cost estimate for OSS, including capital and expense, exceeds $20 million. Note that this only includes costs incurred to provide access to OSS; it does not include any costs associated with the OSS systems themselves.

Q2) **What is the cost to Bell Atlantic in providing long term number portability?**

In response to an FCC request last October, Bell Atlantic estimated that the cost for long term local number portability, including expense and capital, (if we are not permitted to use the Query on Release feature) at $256 million. This estimate does not include the costs of administrative systems and databases that would be shared among several service providers or the costs to other LECs (both incumbent and competitive) or the costs of commercial mobile number portability.

Q3) **There are 3 potential ways to collect universal service: a percentage of interstate revenues only; a percentage of interstate and intrastate retail revenues; and a percentage of all revenues net of payments to other carriers. Under each of the methodologies, what is the size of the fund and what are BA's receipts and payments for ...**

Q3a) an education fund?

Estimates for the size of the education fund range from $1.2 billion (for telecom services only) to $2.25 billion (including inside connections and internet access).

Information associated with Bell Atlantic receipts from the fund is not available.

The Company's estimated payment to the fund could be between $24 million (to a fund for telecom services only, based interstate retail revenues) and $167 million (including inside connections and internet access, based on combined revenues net of payments to others).

Q3b) Lifeline and Link-Up Assistance Programs?

<u>Lifeline Assistance</u>
Assuming that only the existing number of states participate in the new plan, the fund size would grow to approximately $310 million. If, however, all states participate (and this is likely), the fund size would more than triple to approximately $420 million.

Today, Bell Atlantic receipts are $2 million. Information on future receipts is not available at this time.

Bell Atlantic's payment for Lifeline Assistance is estimated as between $6.2 million (assuming that only the existing number of states participate in the plan and contributions are based on interstate retail revenues) and $31.2 million (assuming that all states participate in the plan and contributions are based on combined revenues net of payments to others).

<u>Link-Up Assistance</u>
Estimates for the size of the Link-Up Assistance component range from today's current level of $18 million (assuming existing state participation) to $21 million (assuming all states participate).

Today, Bell Atlantic has receipts of $2 million. Information on future receipts is not available at this time.

Bell Atlantic's estimated payment for Link-Up Assistance is between $400,000 (assuming either existing state or all states participation, based on interstate retail revenues) and $1.6 million (assuming that all states participate and contributions are based on combined revenues net of payments to others).

Q3c) a high cost fund?

Estimates for the size of the high cost fund range from $14.7 billion (assuming a $20 national benchmark) to $2.4 billion (assuming a $50 national benchmark).

Bell Atlantic's estimated receipt from the fund ranges from $93 million (assuming a $50 national benchmark) to $1 billion (assuming a $20 national benchmark).

Payment estimates range from $48 million (assuming a $50 benchmark and funding based on interstate retail revenues) to $1.1 billion (assuming a $20 national benchmark and funding based on combined revenues net of payments to others).

Q4a) **If the FCC were to let the market-based approach work, how much does the Company think access rates would go down in the first year or 2? How much revenue will BA lose? Include a discussion of assumptions used in the estimates, such as market share loss and line growth.**

In year 1, as proposed, the switched access minutes-of-use (MOU) rate could fall from today's $0.0207 to a rate between $0.006 to $0.01. There would be a new flat rate line charge between $2.75 to $3.25. In such an environment, the first year revenue impact on the Company would be a loss of $90 million to $100 million.

Q4b) **Access charges are currently about 3 cents/minute for the CCL, switching, and TIC. Under the prescriptive approach, what happens to Bell Atlantic's revenue if the FCC drops the total for the 3 elements down to 1 cent/minute? What if the Commission pushes the total down to 0.4 cents/minute?**

At 1 cent/minute, Bell Atlantic would sustain an annual revenue loss between $350 million and $450 million; at 0.4 cent/minute, the loss ranges between $700 million and $800 million. At either rate level, Bell Atlantic's access rates would not cover actual embedded costs.

Q5) **What percentage of customers will take local and long distance from the same provider in the first year? How important is one-stop shopping? Will interested customers be particularly high or low volume users?**

Various surveys in the public domain show a significant range in the number of consumers that indicate a strong preference for taking both local and long distance service from a single vendor. Similar figures are not provdied for business customers. Bell Atlantic does not endorse any particular finding, however, since none of these surveys questioned customers on how soon they would be likely to take packaged services from a single source if available. Therefore, it is unclear what percentage of subscribers are likely to avail themselves of one-stop shopping in the next year. That percentage will depend on unknown factors, such as the number and identity of the vendors offering packaged services in any one state or community, the attractiveness of the packaged rates, and customer perception as to whether more attractive packages may become available in the future.

Please do not hesitate to call with any questions. I am available at 703-974-1200.

Sincerely,

cc: J. Schlichting
R. Metzger
R. Keeney